

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 NEA-10 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /099 W

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R 120941Z AUG 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6451

INFO AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: ENRG, MY, RP

SUBJECT: HAMZAH LEADS PETRONAS/PNOC TALKS IN MANILA

1. THE FIVE-MAN HIGH-POWERED MALAYSIAN OIL MILLION HEADED BY Y.B.M. TENGKU TAN SRI RAZALEIGH HAMZAH RECEIVED A CAREFUL AND WARM WELCOME WHEN IT ARRIVED AUGUST 5 FOR TALKS WITH THE PHILIPPINE NATIONAL OIL COMPANY LED BY CHAIRMAN GERONIMO Z. VELASCO. GOP RECEPTION INCLUDED A CALL ON PRESIDENT MARCOS AND THE INEVITABLE FRONT PAGE PHOTOGRAPH THE NEXT DAY. PRESS REPORTS CONCENTRATED ON PERSONALITIES AND BACKGROUND OF THE TWO NATIONAL OIL COMPANIES, AND NOTED THE PRESENCE ON THE MALAYSIAN DELEGATION OF A SON OF MALAYSIAN PRIME MINISTER TUNGKU ADBUL RAZAK, ENCIK MOHD.

2. ACCORDING TO AN INDUSTRY SOURCE, PETRONAS WAS INTERESTED IN PHILIPPINE EXPERIENCE AND EXPERTISE IN DOWN STREAM MARKETING. IT SOUGHT IDEAS FOR APPLICATION IN ITS OWN PLANS FOR MALAYSIA, ONE OBJECTIVE OF WHICH

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BEING ITS REPORTED DESIRE TO PLACE A PETRONAS MAN ON

THE BOARDS OF ALL OIL COMPANIES IN MALAYSIA.

3. ON THE PHILIPPINE SIDE, PNOC WANTED TO OPEN NEGOTIATIONS FOR THE SUPPLY OF MALAYSIAN CRUDE IN FURTHERANCE OF THE GOP POLICY OF DIVERSIFYING ITS OIL SOURCES. PNOC HAS SUCCEEDED IN ARRANGING FOR REGULAR SUPPLIES OF CHINESE AND INDONESIAN CRUDE AT AT THE RATE OF 14,000 BARRELS PER DAY OF SHENGLI AND 22,000 BARRELS PER DAY OF KASIM BLEND. THE EXISTING FIVE OIL COMPANIES OPERATING IN THE PHILIPPINES TAKE THE CRUDE ACCORDING TO ALLOCATIONS BASED ON THEIR SHARE OF THE DOMESTIC MARKET. PUBLISHED PNOC SELLING PRICES TO THE OIL COMPANIES ARE P95,606 PER BARREL FOR SHENGLI AND P106,581 PER BARREL FOR KASIM BLEND, LANDED AT MANILA. CENTRAL BANK GUIDING RATE ON AUGUST 12 WAS ONE DOLLAR EQUALS P7.495. AS FAR AS COULD BE DETERMINED, THERE IS NO FIRM AGREEMENT ON THE SUPPLY OF MALAYSIAN CRUDE.

4. GOP AND PNOC HAVE BEEN DISAPPOINTED OVER THE FRUITLESS PHILIPPINE SEARCH FOR OIL WHILE MALAYSIA HAS BEEN HITTING OIL. LATTER FACT HAS VISIBLY IMPROVED MALAYSIA'S POSITION IN THE REGION. GOP THEREFORE NOT ONLY VIEWED HAMZAH VISIT AS ANOTHER POSSIBILITY OF LESSENING ITS DEPENDENCE ON THE MIDDLE EAST BUT ALSO WELCOMED IT AS A MEANS OF CULTIVATING BETTER RELATIONS WITH MALAYSIA. SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA11155
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750278-1142
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750861/aaaacbin.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2003 by BoyleJA>; APPROVED <23 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HAMZAH LEADS PETRONAS/PNOC TALKS IN MANILA
TAGS: ENRG, MY, RP, PETRONAS, (HAMZA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006